

ASSEMBLY BILL

No. 2768

**Introduced by Committee on Public Employees, Retirement
and Social Security (Honda (Chair), Migden, Scott, Shelley,
and Wildman)**

February 26, 1998

An act to amend Section 22200 of, and to add Section 22200.1 to, the Education Code, relating to the State Teachers' Retirement System.

LEGISLATIVE COUNSEL'S DIGEST

AB 2768, as introduced, Committee on Public Employees, Retirement and Social Security. State Teachers' Retirement System: board.

Under existing law, the State Teachers' Retirement System and the State Teachers' Retirement System Cash Balance Plan are administered by the 12-member Teachers' Retirement Board. Two of the members of the board must be members of the system or the plan, who are classroom teachers in kindergarten or grades 1 through 12, and another member must be a retirant of the system or the plan. All 3 of these members are appointed by the Governor for 4-year terms from a list submitted by the Superintendent of Public Instruction. Another member of the board is required to be a community college instructor with expertise in business or economics or both, and is appointed by the Governor for a 4-year term from a list submitted by the Board of Governors of the California Community Colleges. One member of the board is required to be an officer of a life insurance company

and one member of the board is required to be an officer of a bank. These members are appointed by the Governor for 4-year terms, subject to confirmation by the Senate.

This bill would, instead, require that 4 members of the board be elected, at an election conducted by the board, by the members of the group to which they belong, for 4-year terms commencing upon the terms in existence on January 1, 1999. The bill would delete the requirement that the 2 members must be classroom teachers and that the community college instructor have expertise in business or economics or both. The bill would delete the requirement that 2 members must be, respectively, officers of a life insurance company and a bank and instead provide that the Governor appoint 2 additional persons representing the public for 4-year terms, subject to Senate confirmation.

This bill would require the board to adopt regulations regarding these elections, and would exempt the regulations from the requirements of the Administrative Procedure Act.

This bill would permit the board to establish a full-time position to implement the regulations and would require costs of elections to be paid by the Teachers' Retirement Fund as appropriated in the annual Budget Act.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. It is the intent of the Legislature in
2 enacting this act that the elections for positions on the
3 Teachers' Retirement Board be conducted as cost
4 efficiently as possible.

5 SEC. 2. Section 22200 of the Education Code is
6 amended to read:

7 22200. (a) The system is managed by the Teachers'
8 Retirement Board. The members of the board are as
9 follows:

- 10 (1) The Superintendent of Public Instruction.
- 11 (2) The Controller.
- 12 (3) The Treasurer.
- 13 (4) The Director of Finance.



1 (5) One person who, at the time of appointment, is a
2 member of the governing board of a school district or a
3 community college district. *The member shall be*
4 *appointed by the Governor for a four-year term from a list*
5 *submitted by the Superintendent of Public Instruction.*

6 (6) Three persons who are members of the Defined
7 Benefit Plan or participants of the Cash Balance Plan, as
8 follows:

9 (A) Two persons who, at the time of ~~appointment, are~~
10 ~~classroom teachers in kindergarten or grades 1 through~~
11 ~~12.~~

12 (B) ~~One person who, at time of appointment, is a~~
13 ~~community college instructor with expertise in the areas~~
14 ~~of business or economics or both business and economics~~
15 ~~and who shall be appointed by the Governor for a term~~
16 ~~of four years from a list submitted by the Board of~~
17 ~~Governors of the California Community Colleges.~~

18 (7) ~~One person who is a retired member of the~~
19 ~~Defined Benefit Plan or a participant receiving an~~
20 ~~annuity under the Cash Balance Plan.~~

21 (8) ~~One officer of a life insurance company appointed~~
22 ~~by the Governor for a term of four years, subject to~~
23 ~~confirmation by the Senate.~~

24 (9) ~~One officer of a bank or a savings and loan~~
25 ~~institution who has had at least five years of broad~~
26 ~~professional investment experience handling various~~
27 ~~asset classes such as stocks, bonds, and mortgage~~
28 ~~investments and who shall be appointed by the Governor~~
29 ~~for a term of four years, subject to confirmation by the~~
30 ~~Senate.~~

31 (10) ~~One person representing the public, appointed~~
32 ~~by the Governor for a term of four years, subject to~~
33 ~~confirmation by the Senate.~~

34 (b) ~~The members of the board described in~~
35 ~~paragraphs (5) and (7) and subparagraph (A) of~~
36 ~~paragraph (6) of subdivision (a) shall be appointed by the~~
37 ~~Governor for four-year terms from a list submitted by the~~
38 ~~Superintendent of Public Instruction. election, are active~~
39 ~~members of the system or participants of the Cash~~
40 ~~Balance Plan. These members shall be elected pursuant~~

1 to regulations adopted by the board by the active
2 members of the system or participants of the Cash
3 Balance Plan for four-year terms commencing upon the
4 expiration of the terms in existence on January 1, 1999.

5 (B) One person who, at the time of election, is a
6 community college instructor who shall be elected by the
7 active community college members of the system. This
8 member shall be elected pursuant to regulations adopted
9 by the board, for a four-year term, commencing upon the
10 expiration of the term in existence on January 1, 1999.

11 (7) One member who is a retired member of the
12 Defined Benefit Plan or a participant receiving an
13 annuity under the Cash Balance Plan elected by the
14 retired members of the Defined Benefit Plan and the
15 participants receiving an annuity under the Cash Balance
16 Plan. This member shall be elected pursuant to
17 regulations adopted by the board, for a four-year term,
18 commencing upon the expiration of the term in existence
19 on January 1, 1999.

20 (8) Three persons representing the public, appointed
21 by the Governor for terms of four years, subject to
22 confirmation by the Senate.

23 (b) The term of the office of each member described
24 in paragraphs (6) and (7) of subdivision (a) shall be
25 adjusted so as to commence on January 1, and to expire
26 on December 31 of the calendar year.

27 (c) The members of the board shall annually elect a
28 chairperson and vice chairperson.

29 SEC. 3. Section 22200.1 is added to the Education
30 Code, to read:

31 22200.1. (a) The board shall conduct the election of
32 members described in paragraphs (6) and (7) of
33 subdivision (a) of Section 22200 pursuant to regulations
34 adopted by the board.

35 (b) The board shall hold special elections to fill
36 vacancies that occur during the term of the elected
37 members of the board. If, at the time a vacancy occurs,
38 the unexpired term is less than two years, the new
39 member elected to fill the vacancy shall hold office for a

1 period equal to the remainder of the term of the vacated
2 office plus four years.

3 (c) The regulations adopted by the board pursuant to
4 this section and Section 22200 shall not be subject to
5 Article 3.5 (commencing with Section 11340) of Part 1 of
6 Division 3 of Title 2 of the Government Code.

7 (d) The regulations adopted by the board shall
8 provide that the elections be conducted in the most
9 cost-effective manner deemed feasible. The board,
10 where practicable, shall consolidate election mailings
11 with other mailings and shall address any other feasible
12 cost-saving measures.

13 (e) The board may establish a full-time position, as
14 required, to implement this section.

15 (f) All costs of elections shall be paid by allocations
16 from the Teachers' Retirement Fund as appropriated for
17 that purpose in the annual Budget Act.

